



COUNCILMEMBER CARL DeMAIO

FIFTH DISTRICT

CITY OF SAN DIEGO

February 9, 2010

Mark McMahon, President
Salary Setting Commission
1200 Third Avenue, Suite 300
San Diego, CA 92101

Dear Mr. McMahon:

I am in receipt of the February 1, 2010 Salary Setting Commission's official salary recommendations for the Mayor and City Council.

Given the city's current financial situation, I simply cannot agree that a salary increase for the Mayor and City Council is warranted by July of 2011. While the "Findings" in your letter outline some of the rationale behind the Commission's recommendations, I would suggest that the dire ramifications of the city's current struggle with unsustainable labor costs takes precedent over the issues the Commission raises.

Furthermore, details or analysis of the generous pension benefits offered to elected officials are noticeably absent from the Commission's discussion. While the Commission's recommendation acknowledges that existing benefits packages were studied, the lack of discussion of these pension benefit packages calls into question the resulting conclusion that the city is at risk of a recruitment crisis for Mayoral and Council candidates unless compensation is increased.

I have attached a line-item breakdown of the standard compensation package for City Councilmembers, which accounts for salary and all fringe benefits. As this attachment shows, the annual cost to taxpayers of compensating Councilmembers is significantly more than the \$75,000 salary. When also accounting for fringe benefits, the **legislative compensation totals \$135,912.**

You will note the exorbitantly high amount, \$38,190, for pension benefit contributions. Not only does the pension contribution ratio for elected officials appear to violate the "substantially equal" requirement in the City Charter, but the retirement plan for elected officials allows vesting after only 4 years of service in conjunction with the most generous benefit multiplier afforded to any city employee classification, 3.5% (*See Municipal Code §24.1701 - §24.1707*).

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I would ask that the Salary Setting Commission specifically account for this generous and costly pension plan for elected officials in future analyses before recommending increases in compensation. Additionally, the Commission notes the existence of "negative political perception" related to the Mayor and Council "taking direct actions to increase their own salaries." This same negative perception, and potentially a conflict of interest, pertains primarily to the pension benefits of elected officials.

For these reasons, I ask that the Salary Setting Commission examine the appropriateness of the current legislative pension package and associated costs to taxpayers.

Until the city's financial problems have been resolved in a structural fashion, the city's elected officials must continue to lead by example. Maintaining current salary levels and reforming the current legislative pension package represents a terrific opportunity to do so.

In Service,

A handwritten signature in dark ink, reading "Carl DeMaio". The signature is written in a cursive, flowing style with a large initial "C".

Carl DeMaio
Councilmember

cc Members of the Salary Setting Commission

Enclosure

City of San Diego
Financial Management Department

	FY2010 Budget
Salary	\$ 75,396
Medicare	\$ 1,093
Flexible Benefits	\$ 7,068
Disability Insurance	\$ 467
Other Post-Employment Benefits	\$ 2,406
Employee Offset Savings	\$ 2,262
Retiree Health Care Contribution	\$ 3,089
Risk Management Administration	\$ 744
Supplemental Pension Savings Plan	\$ 4,335
Unemployment Insurance	\$ 113
Unused Sick Leave	\$ 45
Workers' Compensation	\$ 754
	<u><u>\$ 97,772</u></u>

Retirement Contribution	\$ 33,750
Retirement Offset Contribution	\$ 4,440
	<u><u>\$ 38,190</u></u>